

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7397

BILL NUMBER: HB 1913

DATE PREPARED: Mar 2, 2001

BILL AMENDED:

SUBJECT: Children with Special Health Care Needs.

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FUNDS AFFECTED: X

X

**GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill defines "pervasive developmental disorder" for purposes of the law concerning assistance to children with special health care needs. The bill provides that a child with a pervasive developmental disorder has an eligible medical condition for purposes of the assistance to Children with Special Health Care Needs Program.

Effective Date: July 1, 2001.

Explanation of State Expenditures: (Revised) This bill requires the expansion of the medical eligibility of the Children with Special Health Care Services Program (CSHCS) to include children with a "pervasive developmental disorder" including Asperger's Syndrome. Autism, the most severe expression of symptoms in the Autism Spectrum Disorders was required to be included as a medically eligible condition for the Children with Special Health Care Needs Program by P.L.79-1999. The required expansion of this totally state-funded, non-entitlement program will force the Department of Health to either eliminate children with other medical conditions that are deemed eligible by way of the Administrative Rules or restrict participation by reducing the financial eligibility limits of the program.

Background: The CSHCS Program is not an entitlement program and its financial and medical eligibility requirements may be changed through the rule-making process with the exception of the diagnoses of cystic fibrosis and autism which were added by statute. The Department of Health Administrative Rules at 410 IAC 3.2-6-1 define the financial eligibility for the Program as gross income less than or equal to 185% of the Federal Poverty Level unless excess funding is available whereupon the Department may apply a standard of up to 250% of the Federal Poverty Level. The Department has been using the financial eligibility requirement of 250% of poverty since the early 1990's. This standard equates to gross income of \$28,125 for a family of two and \$71,625 for a family of eight. Additional individuals are factored in at \$7,250 each.

The Children with Special Health Care Needs Program is funded with state appropriations and a county

property tax levy. The total county levies and associated excise and financial institution tax distributions are shown in the table below.

Children with Special Health Care Needs Fund

Property Tax	CY 1998	CY 1999	CY 2000	Estimated CY 2001
Gross Levy	5,764,384	5,919,862	6,118,246	6,302,697
Excise Tax	729,844	702,664	674,633	528,901
FIT	47,224	47,675	55,753	44,008
Total	6,543,450	6,672,200	6,850,632	6,877,607

The Program state appropriation has been stable for several years at an annual total of approximately \$7.4 M. The property tax levy and the state appropriation provide annual revenue of approximately \$14 M. The expenditure base has been allowed to expand beyond the available revenue; expenditures in FY 2000 were \$21.2 M. The \$7.2 M revenue shortfall has been made up by drawing down the accumulated balance of the non-reverting Children with Special Health Care Needs Fund. The Department estimates the accumulated balance in the fund will be depleted at the end of FY 2001. Additionally the Children with Special Health Care Needs Program has been the source of funding for the statewide Poison Control Center. The existing funding situation in the Children with Special Health Care Needs Program will require either a contraction of medical and/or financial eligibility requirements or additional State General Funds to address the expanded program base. The addition of another large group of individuals required to be served under a statute may result in the Program restricting financial eligibility for the Program or discontinuing the medical eligibility of children with conditions that are not named in a statute. The Children with Special Health Care Needs Program provides services in conjunction with other state-run health care programs, such as First Steps, Medicaid, CHIP and the Department of Education's "S-5" Special Education Program. This is significant since adjustments in CSHCN eligibility requirements may result in unanticipated financial impacts on the other programs.

This bill would expand the potential number of children medically eligible for the Children with Special Health Care Needs Program. There is no actual count of the number of individuals with Autism spectrum disorders. However, the National Institute of Child Health and Human Development has suggested cumulative incidence figures of:

- 1 in 1,000 individuals diagnosed with Autism, (medically eligible for CSHCS)
- 1 in 500 individuals within the Autism Spectrum, including
Pervasive Developmental Disorders (PDD), and
- 1 in 200 individuals within the Autism Spectrum, including PDD and
Asperger's Syndrome.

Currently there are 100 individuals with a diagnosis of Autism that are receiving services from the Children with Special Health Care Needs Program. The average cost of services is approximately \$7,200 per individual.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) The Children with Special Health Care Needs Program is supported by a property tax levy, financial institutions tax, (FIT) and excise tax revenues. These revenue

sources are not affected by changes in program eligibility or expenditures.

State Agencies Affected: State Department of Health, Family and Social Services Administration, Office of Medicaid Policy and Planning, and CHIP, Division of Family and Children.

Local Agencies Affected:

Information Sources: Indiana Resource center for Autism, “Is Autism in Indiana Increasing?”. Wendy Gettlefinger, Director, CSHCS/WIC, Auditor’s Object Trial Balance, 2070/140000. Diagnostic and Statistical Manual of Mental Disorders, Fourth Ed., Washington, American Psychiatric Association, 1994, Pages 69-84.